

Message Text

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PAGE 01 PARIS 11301 051536Z

44

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 EA-10 TRSE-00 IO-10 COME-00

CIAE-00 INR-07 NSAE-00 /047 W
----- 026054

R 051529Z MAY 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9069

INFO AMEMBASSY BONN

AMEMBASSY ROME

USMISSION OECD PARIS

UNCLAS PARIS 11301

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: ECONOMIC FORECASTING - INDUSTRIAL PRODUCTION

REF: A. STATE 95313; B. PARIS 2720; C. PARIS 10475;

D. PARIS 11155

1. IN RESPONSE TO REFTEL A., EMBASSY FORECASTS FOR
SEASONALLY ADJUSTED INDEX OF FRENCH INDUSTRIAL PRODUCTION ARE AS FOLLOWS (BASE 1970):

AVERAGE 1973	119
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FIRST QUARTER 1974	124#
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SECOND QUARTER 1974	124#
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THIRD QUARTER 1974	125#
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FOURTH QUARTER 1974	117##
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AVERAGE 1974	122.5
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FIRST QUARTER 1975	115
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SECOND QUARTER 1975	114
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THIRD QUARTER 1975	114
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FOURTH QUARTER 1975	117
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AVERAGE 1975	115
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FIRST QUARTER 1976	120
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SECOND QUARTER 1976 123

#OFFICIAL FIGURES, REVISED SINCE REF. A.

##EXTRAPOLATION OF LESS COMPREHENSIVE OFFICIAL MONTHLY FIGURES.

ALL OTHERS REPRESENT ESTIMATES.

2. ASSUMPTIONS -

LATEST BANK OF FRANCE SURVEY OF BUSINESS PROSPECTS INDICATES THAT INDUSTRIAL PRODUCTION REMAINS IN DECLINE, WITH THIS TREND LIKELY TO CONTINUE IN IMMEDIATE FUTURE, AS INVENTORIES CONTINUE TO MOUNT. IN ANNOUNCING NEW ECONOMIC MEASURES (REF. C), FINANCE MINISTER FOURCADE ANNOUNCED EFFECTS WOULD NOT BE FELT BEFORE FALL; FOURTH QUARTER SEEMS THEREFORE BEST TIME-FRAME IN WHICH TO PROJECT BEGINNING OF RECOVERY. WHETHER THIS WILL BE AS BIG AND AS FAST AS PREDICTED ABOVE (3 POINT JUMP) WILL DEPEND LARGELY ON WILLINGNESS OF FIRMS TO GRASP BAIT OF EASIER INVESTMENT CREDITS PROVIDED BY GOVERNMENT PROGRAMS JUST ANNOUNCED, AS WELL AS ON ANTICIPATED FOURTH-QUARTER RECOVERY IN FRG, FRANCE'S NUMBER ONE CUSTOMER. FIRST OF THESE, AT LEAST, HAS BEEN SUBJECT TO QUESTION HERE (REF. D). SHOULD RESUMPTION OF FRENCH ECONOMIC ACTIVITY NOT GET UNDER WAY BY FOURTH QUARTER -- GOF MAY HAVE TO RESORT TO DIRECT STIMULATION THROUGH INCENTIVES TO CONSUMPTION, THUS FAR AVOIDED FOR FEAR OF RESTIMULATING INFLATION. IN THIS CASE, RECOVERY WOULD ALSO ENSUE, BUT AT LEAST ONE QUARTER LATER (I.E., FIGURES FOR FIRST 2 QUARTERS OF 1976 WOULD BE CLOSER TO 117 AND 120).
RUSH

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NNN

Message Attributes

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